

# Senate File 421 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON LABOR AND  
BUSINESS RELATIONS

(SUCCESSOR TO SSB 1308)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to workers' compensation laws by regulating  
2 insurance policy exclusions and debt collection practices.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2817SV 82  
5 av/gg/14

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1 1 Section 1. Section 85.1, subsection 6, Code 2007, is  
1 2 amended to read as follows:  
1 3 6. Employers may with respect to an employee or a  
1 4 classification of employees exempt from coverage provided by  
1 5 this chapter pursuant to subsection 1, 2, or 3, 4, or 5, other  
1 6 than the employee or classification of employees with respect  
1 7 to whom a rule of liability or a method of compensation is  
1 8 established by the Congress of the United States, assume a  
1 9 liability for compensation imposed upon employers by this  
1 10 chapter, for the benefit of employees within the coverage of  
1 11 this chapter, by the purchase of valid workers' compensation  
1 12 insurance that does not specifically including exclude the  
1 13 employee or classification of employees. The purchase of and  
1 14 acceptance by an employer of valid workers' compensation  
1 15 insurance applicable to the employee or classification of  
1 16 employees constitutes an assumption by the employer of  
1 17 liability without any further act on the part of the employer,  
1 18 but only with respect to the employee or classification of  
1 19 employees as are within the coverage of the workers'  
1 20 compensation insurance contract and only for the time period  
1 21 in which the insurance contract is in force. Upon an election  
1 22 of such coverage, the employee or classification of employees  
1 23 shall accept compensation in the manner provided by this  
1 24 chapter and the employer shall be relieved from any other  
1 25 liability for recovery of damage, or other compensation for  
1 26 injury.

1 27 Sec. 2. Section 85.27, subsections 3 and 6, Code 2007, are  
1 28 amended to read as follows:

1 29 3. Notwithstanding section 85.26, subsection 4, charges  
1 30 believed to be excessive or unnecessary may be referred by the  
1 31 employer, insurance carrier, or health service provider to the  
1 32 workers' compensation commissioner for determination, and the  
1 33 commissioner may utilize the procedures provided in sections  
1 34 86.38 and 86.39, or set by rule, and conduct such inquiry as  
1 35 the commissioner deems necessary. Any health service provider  
2 1 charges not in dispute shall be paid directly to the health  
2 2 service provider prior to utilization of procedures provided  
2 3 in sections 86.38 and 86.39 or set by rule. A health service  
2 4 provider rendering treatment to an employee whose injury is  
2 5 compensable under this section agrees to be bound by such  
2 6 charges as allowed by the workers' compensation commissioner  
2 7 and shall not recover in law or equity any amount in excess of  
2 8 charges set by the commissioner. When a dispute under chapter  
2 9 85, 85A, or 85B regarding reasonableness of a fee for medical  
2 10 services arises between a health service provider and an  
2 11 employer or insurance carrier, the health service provider,  
2 12 employer, or insurance carrier shall not seek payment from the  
2 13 injured employee. A health service provider shall not seek  
2 14 payment for fees in dispute from the insurance carrier or  
2 15 employer until the commissioner finds, pursuant to informal  
2 16 dispute resolution procedures established by rule by the  
2 17 commissioner, that the disputed amount is reasonable.

2 18 6. While a contested case proceeding for determination of  
2 19 liability for workers' compensation benefits is pending before  
2 20 the workers' compensation commissioner relating to an injury  
2 21 alleged to have given rise to treatment, no debt collection,  
2 22 as defined by section 537.7102, shall be undertaken against an  
2 23 employee or the employee's dependents for the collection of  
2 24 charges for that treatment rendered an employee by any health  
2 25 service provider. If debt collection is undertaken after a  
2 26 creditor receives actual notice that a contested case  
2 27 proceeding for determination of liability for workers'  
2 28 compensation benefits is pending, such debt collection shall  
2 29 constitute a prohibited practice under section 537.7103, and  
2 30 the employee or the employee's dependents are entitled to the  
2 31 remedies provided in section 537.5201. However, the health  
2 32 service provider may send one itemized written bill to the  
2 33 employee setting forth the amount of the charges in connection  
2 34 with the treatment after notification of the contested case  
2 35 proceeding.

3 1 Sec. 3. Section 537.7103, Code 2007, is amended by adding  
3 2 the following new subsection:

3 3 **NEW SUBSECTION.** 7. A debt collector shall not collect or  
3 4 attempt to collect charges from an employee or an employee's  
3 5 dependents for treatment rendered the employee by any health  
3 6 service provider, after receiving actual notice that a  
3 7 contested case proceeding for determination of liability of  
3 8 workers' compensation benefits is pending as provided in  
3 9 section 85.27, subsection 6.

3 10 EXPLANATION

3 11 This bill relates to workers' compensation laws by  
3 12 regulating insurance policy exclusions and debt collection  
3 13 practices.

3 14 Code section 85.1, subsection 6, is amended to provide that  
3 15 an employer assumes liability for workers' compensation  
3 16 coverage of certain domestic, casual, and agricultural  
3 17 employees that are exempt from workers' compensation  
3 18 requirements, by purchasing coverage that does not  
3 19 specifically exclude them. The bill also provides that an  
3 20 employer cannot assume liability for workers' compensation  
3 21 coverage of police officers and fire fighters who are entitled  
3 22 to benefits under Code chapters 410 and 411, and certain  
3 23 officers of a corporation other than a family farm corporation  
3 24 who voluntarily reject workers' compensation coverage.  
3 25 Currently, any employee exempt from workers' compensation  
3 26 requirements under this section is covered under a workers'  
3 27 compensation insurance policy only if the policy specifically  
3 28 includes the employee.

3 29 Code section 85.27, subsection 3, is amended to prohibit a  
3 30 health service provider from seeking payment for fees in  
3 31 dispute from an insurance carrier or employer until the  
3 32 commissioner finds the disputed amount to be reasonable  
3 33 pursuant to informal dispute resolution procedures established  
3 34 by the commissioner by rule.

3 35 Code section 85.27, subsection 6, and Code section 537.7103  
4 1 are amended to provide that debt collection for charges  
4 2 rendered to an employee by a health services provider that is  
4 3 undertaken after a creditor receives actual notice that a  
4 4 contested case proceeding for determination of liability for  
4 5 workers' compensation benefits is pending, constitutes a  
4 6 prohibited practice under the Iowa consumer credit code and  
4 7 entitles the employee or the employee's dependents to the  
4 8 remedies provided by the Iowa consumer credit code.

4 9 LSB 2817SV 82

4 10 av:rj/gg/14